

232108

March 26, 2012

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VIA HAND DELIVERY

Ms. Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

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**SURFACE
TRANSPORTATION BOARD**

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MANAGEMENT
S19

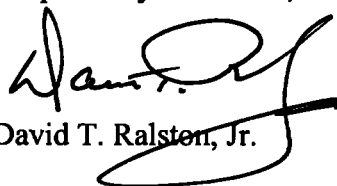
Re: Finance Docket No. FD35611
Savage, Bingham & Garfield Railroad Company – Trackage Rights Exemption –
Elgin, Joliet and Eastern Railway Company

Dear Ms. Brown:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of Savage, Bingham, and Garfield Railroad Company's Verified Notice of Exemption, dated March 26, 2012. A check in the amount of \$1,100, representing the appropriate fee for this filing, is enclosed. Service has been effected on the parties required to be served under 49 C.F.R. 1180.4(c)(5), per the enclosed certificate of service.

Please contact me if you have any questions. Thank you for your assistance on this matter.

Respectfully submitted,


David T. Ralston, Jr.

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SAN DIEGO/DEL MAR
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BEFORE THE
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MANAGEMENT
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STB Finance Docket No. FD35611

SAVAGE, BINGHAM & GARFIELD RAILROAD COMPANY
---TRACKAGE RIGHTS EXEMPTION---
ELGIN, JOLIET AND EASTERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION

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**SURFACE
TRANSPORTATION BOARD**

David T. Ralston, Jr.
Richard F. Riley, Jr.
Jennifer M. Forde
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3000 K Street, NW
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Tel: (202) 295-4097

ATTORNEYS FOR
SAVAGE, BINGHAM & GARFIELD RAILROAD COMPANY

Date: March 26, 2012

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. FD35611

SAVAGE, BINGHAM & GARFIELD RAILROAD COMPANY
---TRACKAGE RIGHTS EXEMPTION---
ELGIN, JOLIET AND EASTERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION

Savage, Bingham & Garfield Railroad Company ("SBG") files this Notice of Exemption pursuant to the class exemption at 49 C.F.R. § 1180.2(d)(7) for limited, non-local trackage rights over the rail line of Elgin, Joliet and Eastern Railway Company, an indirect rail carrier subsidiary of Canadian National Railway Company and referred to herein as "CN," between Milepost J 47.4 (South end of CN's Whiting Yard) and Bridge Number 631 ("Bridge 631") at or near Milepost J 46.8 on CN's Calumet Spur on CN's Matteson Subdivision in Whiting, Indiana, a total of 0.6 miles. The parties have entered into a written agreement, which is not sought in a responsive application in a rail consolidation proceeding.

CN has agreed to grant SBG trackage rights for the movement of freight traffic on CN's segment of railroad between Milepost J 47.4 and Bridge 631 on CN's Calumet Spur on CN's Matteson Subdivision in Whiting, Indiana in connection with service to customers in CN's Whiting Yard. Pursuant to the Surface Transportation Board's regulations at 49 C.F.R. § 1180.4(g), SBG submits the following information.

Section 1180.6(a)(1)(i) Summary of the Proposed Transaction

SBG proposes to acquire limited, non-local trackage rights over the rail line of CN between Milepost J 47.4 and Bridge 631 on CN's Calumet Spur on CN's Matteson Subdivision in Whiting, Indiana, a total distance of approximately 0.6 miles. Applicant SBG's business address is 6340 South 3000 East, Suite 600, Salt Lake City, Utah 84121; telephone number 801-944-6600. Questions regarding this transaction can be addressed to the counsel identified on the cover page of this notice.

Section 1180.6(a)(1)(ii) Consummation Date

The transaction will be consummated on the effective date of this Notice of Exemption.

Section 1180.6(a)(1)(iii) Purpose of this Transaction

The purpose of this transaction is to allow SBG to move freight traffic for customers in CN's Whiting Yard on CN's Matteson Subdivision in Whiting, Indiana. CN will provide SBG with limited, non-local trackage rights on CN's main line adjacent to Whiting Yard for this purpose.

Section 1180.6(a)(5) States in which property of the Applicant is situated

SBG owns properties in Utah.

Section 1180.6(a)(6) Map

A map is provided as Exhibit 1.

Section 1180.6(a)(7)(ii) Agreements

A copy of the public version of the trackage rights agreement is attached as Exhibit 2.

Section 1180.4(g)(1)(ii) Labor Protection

No employees are expected to be adversely affected by this transaction. Any employees affected by the trackage rights component of this transaction will be adequately protected by the

conditions imposed in *Norfolk and W. Ry. Co. – Trackage Rights – Burlington N., Inc.*, 354 I.C.C. 605 (1978), as modified in *Mendocino Coast Ry., Inc. – Lease and Operate – Cal. W. R.R.*, 360 I.C.C. 653 (1980).

Section 1180.4(g)(2)(i) Caption Summary

A caption summary of this transaction suitable for publication in the *Federal Register* is attached as Exhibit 3.

Section 1180.4(g)(3) Environmental and Historical Documentation

Environmental and historical documentation are not required for this transaction. As provided in 49 C.F.R. § 1105.6(c)(4) and 49 C.F.R. § 1105.8(b)(3), trackage rights do not require preparation of environmental and historical reports and documentation.

Dated: March 26, 2012

Respectfully submitted,



David T. Ralston, Jr.
Richard F. Riley, Jr.
Jennifer M. Forde
Foley & Lardner LLP
3000 K Street, NW
Washington, DC 20007
Tel: (202) 295-4097

ATTORNEYS FOR
SAVAGE, BINGHAM & GARFIELD RAILROAD COMPANY

VERIFICATION

COUNTY OF SALT LAKE)
) SS.
STATE OF UTAH)

Don Alexander, being duly sworn, deposes and says that he has read the foregoing Notice of Exemption and that the contents thereof are true and correct to the best of his knowledge and belief.


(signature)

Don Alexander
Senior Vice President
Savage Services Corporation

Subscribed and sworn to before me this 21st day of March, 2012.




Notary Public

My Commission expires:

5/2/2015

EXHIBIT 1

Map

ELGIN, JOLIET & EASTERN RAILWAY

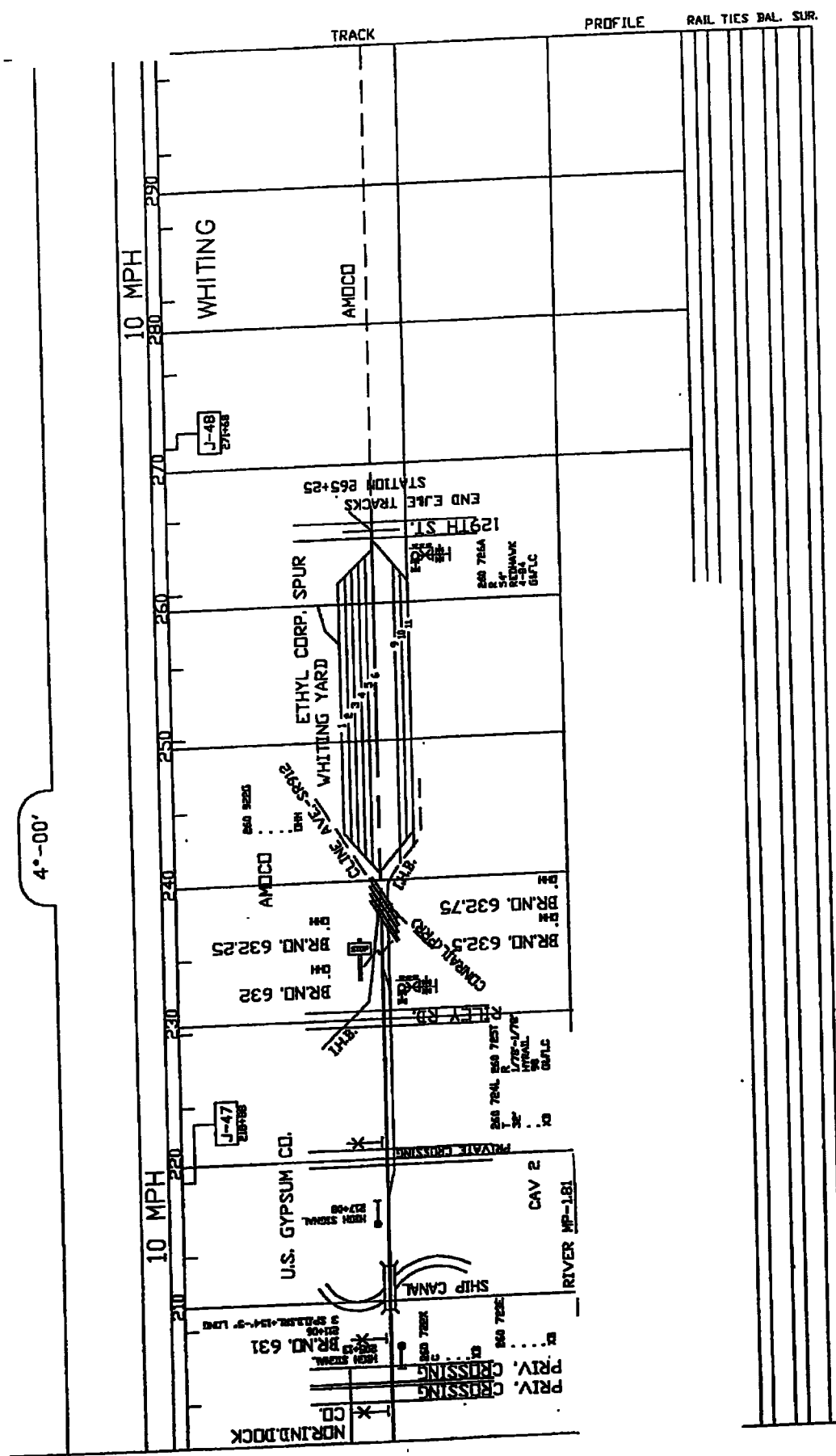




EXHIBIT A

EXHIBIT 2

Trackage Rights Agreement

TRACKAGE RIGHTS AGREEMENT

Agreement No. _____

between

ELGIN, JOLIET AND EASTERN RAILWAY COMPANY

("CN")

And

SAVAGE, BINGHAM & GANFIELD RAILROAD COMPANY

("SBG")

**Relating to SBG'S Limited Trackage Rights Over CN between
129TH St In Whiting, IN and Bridge Number 631 In Whiting, IN on CN's Matteson
Subdivision**

TRACKAGE RIGHTS AGREEMENT

THIS AGREEMENT, entered into as of this 5th day of ^{MARCH 2012} February 2012, by and between the ELGIN, JOLIET AND EASTERN RAILWAY COMPANY, (hereinafter referred to as "CN" or "OWNER") and the SAVAGE, BINGHAM & GARFIELD RAILROAD COMPANY, (hereinafter referred to as "SBG" or "USER").

WHEREAS, CN owns and operates a segment of railroad located between Milepost J 47.4 (South end of CN's Whiting Yard) and Bridge Number 631 ("Bridge 631") at or near Milepost J 46.8 on CN's Calumet Spur located on CN's Matteson Subdivision in Whiting, IN; and

WHEREAS, SBG has requested trackage rights between Milepost J47.4 and Bridge 631 which will allow SBG to move freight traffic for customers in the CN's Whiting Yard on CN's Calumet Spur on CN's Matteson Subdivision in Whiting, IN; and

WHEREAS, CN agrees to grant SBG trackage rights for the movement of freight traffic on CN's segment of railroad between Milepost J 47.4 and Bridge 631 on CN's Calumet Spur on CN's Matteson Subdivision in Whiting, IN, subject to the terms and conditions set forth herein.

NOW THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1.0 GRANT OF TRACKAGE RIGHTS

1.1 Subject to the terms and conditions herein provided, Owner hereby grants to User the right to operate, in freight service, its trains, locomotives, cars, and equipment with its own crews (hereinafter referred to as the "Trackage Rights") over the following segment of Owner's railroad as shown on the plan attached hereto, made a part hereof and marked Exhibit "A" (hereinafter referred to as the "Subject Trackage"):

- Between CN's Milepost J 47.4 and Bridge Number 631 at or near Milepost 46.8 on CN's Calumet Spur on CN's Matteson Subdivision in Whiting, IN, as shown on Exhibit A including (1) all sidings, yard tracks and yard leads now existent or hereafter constructed along the aforesaid tracks to be used hereunder, and (2) right-of-way for the aforesaid tracks, signals, interlocking devices and plants, telegraph and telephone lines, and other appurtenances necessary to the use hereunder of the aforesaid tracks by the parties hereto, a distance of approximately 0.6 miles.

SECTION 2.0 USE OF SUBJECT TRACKAGE

2.1 User's use of the Subject Trackage shall be in common with Owner and any other user of the Subject Trackage, and Owner's right to use the Subject Trackage shall not be diminished by this Agreement. Except as provided below,

2.2 Except as may otherwise be provided by this Agreement, User has the right to use the Subject Trackage for the purpose of switching and the making or breaking up of trains, and that nothing contained herein shall, upon prior approval of Owner, preclude the emergency use by User of such auxiliary tracks as may be designated by Owner for such purpose.

2.3 Owner shall have exclusive control of the management and operation of the Subject Trackage. User shall not have any claim against Owner for liability on account of loss or damage of any kind in the event the use of the Subject Trackage by User is interrupted or delayed at any time from any cause.

2.4 User shall have the right to operate in either direction over the Subject Trackage.

2.5 Owner and User shall work together to establish a schedule for the handling of User's trains.

2.6 User shall be responsible for contacting Owners Dispatcher that is in charge of Subject Trackage prior to entering the Subject Trackage. User shall ensure that its trains i) are not staged, held, stored, or parked on the Subject Trackage (except at the direction of Owner), or otherwise unreasonably interfere with the joint use of the Subject Trackage; ii) are staffed with qualified crews that have sufficient hours of service remaining to clear the Subject Trackage; iii) User shall have sufficient fuel for the entire movement on CN; and iv) restore all connection switches for mainline movement on and by Owner as required by Owner.

2.7 Nothing herein expressed or implied is intended to or shall be construed to confer upon or to give any person, firm, partnership, corporation or governmental entity other than the User any right or benefit under or by reason of this Agreement.

2.8 User shall not permit or admit any third party unless the third party is an affiliate of User to the use of all or any portion of the Subject Trackage, nor have the right to detour trains of any other railroad over or upon the Subject Trackage, nor under the guise of doing its own business contract or make an agreement to handle as its own Equipment over or upon the Subject Trackage.

2.9 SBG at its sole discretion has the right to allow Savage Yard Services Inc. ("SYS"), an affiliate company of SBG to act as its designated Switching contractor to provide switching services for SBG. If SBG elects to use SYS to provide switching services, SBG shall remain fully liable for the actions or inactions of SYS as if the actions or inactions are SBG's for all purposes under this Agreement. CN may assume for all purposes hereunder that any direction, instruction, information or request presented to CN by SBG's switching contractor has been given at the direction and with the knowledge of SBG, and CN shall have no obligation to confirm such direction, instruction, information or request with SBG prior or subsequent to acting on same.

SECTION 3.0 RESTRICTION ON USE

3.1 The trackage rights herein granted are granted for the sole purpose of User using same for freight services between the terminals of Subject Trackage and User shall be allowed to perform local freight service at Whiting Yard but shall not be allowed to serve any customer whatsoever except BP North America in Whiting, IN and customers located within CN's Whiting Yard in Whiting, IN.

SECTION 4.0 LEFT BLANK INTENTIONALLY

SECTION 5.0 PAYMENT OF BILLS

5.1 All payments called for under this Agreement shall be made by User within thirty (30) days after receipt of bills therefore. No payments shall be withheld because of any dispute as to the correctness of items in the bills rendered, and any discrepancies reconciled between the parties hereto shall be adjusted in the accounts of a subsequent month.

5.2 The records of each party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times for inspection by the other party for a period of two (2) years from the date of billing.

5.3 Bills rendered pursuant to the provisions of this Agreement, other than those set forth in Section 4, shall include direct labor and material costs, together with the surcharges, overhead percentages, and equipment rentals in effect at the time any work is performed by Owner for User.

SECTION 6.0 MAINTENANCE OF SUBJECT TRACKAGE

6.1 Owner shall maintain, repair, and renew the Subject Trackage at its own expense and with its own supervision and labor. Owner shall keep and maintain the Subject Trackage in reasonably good condition for the use herein contemplated, but Owner does not guarantee the condition of the Subject Trackage or that operations there over will not be interrupted. Owner shall take all reasonable steps to ensure that any interruptions will be kept to a minimum.

SECTION 7.0 CONSTRUCTION AND MAINTENANCE OF CONNECTIONS

7.1 Existing connections or facilities which are jointly used by the parties hereto under existing agreements or practices shall continue to be maintained, repaired, and renewed by and at the expense of the party or parties responsible for such maintenance, repair, and renewal under such agreements or practices.

SECTION 8.0 ADDITIONS, RETIREMENTS AND ALTERATIONS

8.1 Owner, from time to time and at its sole cost and expense, may make such changes in, additions and betterments to, and retirements from the Subject Trackage as shall, in its judgment, be necessary or desirable for the economical or safe operation thereof or as shall be required by any law, rule, regulation, or ordinance promulgated by any governmental body having jurisdiction. Such additions and betterments shall become a part of the Subject Trackage and such retirements shall be excluded from the Subject Trackage.

SECTION 9.0 MANAGEMENT AND OPERATIONS

9.1 When operating over the Subject Trackage, User's locomotives and crews will be equipped to communicate with Owner on radio frequencies normally used by Owner in directing train movements on the Subject Trackage.

9.2 Procedures for qualification and occupancy of the Subject Trackage will be arranged by the local supervision of each carrier. All control and usage will be subject to the approval of Owner's representative or his designee.

9.3 Before its locomotives enter onto the Subject Trackage, User shall request permission from Owner's dispatcher or other designated representative at Owner's rail traffic

control center or such other location as Owner may designate. Further, User shall ascertain that said Subject Trackage is clear and shall await confirmation from said representative that such permission has been issued to allow User's movements on or over the Subject Trackage. Upon completing its operations and clearing the Subject Trackage, User will notify Owner's designated representative that it has completed its operations and that its equipment has cleared the Subject Trackage. Once User has notified Owner's representatives that it has cleared the Subject Trackage, User shall not reenter the Subject Trackage without again obtaining permission from Owner's representative. User shall provide and maintain at its expense all communication facilities needed as may be required by Owner to permit User to use Owner's trackage.

9.4 User shall comply with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Acts, as amended, and all other federal and state laws, regulations, and rules respecting the operation, condition, inspection, and safety of its trains, locomotives, cars, and equipment while such trains, locomotives, cars, and equipment are being operated over the Subject Trackage. User shall indemnify, protect, defend, and save harmless Owner and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents, and employees from and against all fines, penalties, and liabilities imposed upon Owner or its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents, or employees under such laws, rules, and regulations by any public authority or court having jurisdiction in the premises, when attributable to the failure of User to comply with its obligations in this regard.

9.5 User, in its use of the Subject Trackage, will comply in all respects with the safety rules, operating rules and other regulations of Owner, and the movement of User's trains, locomotives, cars, and equipment over the Subject Trackage shall at all times be subject to the orders of the transportation officers of Owner. User's trains shall not include locomotives, cars or equipment which exceed the width, height, weight or other restrictions or capacities of the Subject Trackage as published in Railway Line Clearances, and no train shall contain locomotives, cars or equipment which require speed restrictions or other movement restrictions below the authorized freight speeds as provided by Owner's operating rules and regulations without the prior consent of Owner. User shall indemnify, protect, defend, and save harmless Owner and its parent corporation, subsidiaries and affiliates, and all their directors, officers, agents and employees from and against all liabilities when attributable to the failure of User to comply with the provisions of this subsection.

9.6 All employees of User engaged in or connected with the operations of User on or along the Subject Trackage shall be required to pass periodic examinations on the rules of Owner related to the Subject Trackage, provided, with respect to such examinations that, upon request of User, Owner shall qualify one or more of User's supervisory officers on Owner's rules and such supervisory officer or officers so qualified shall examine all employees of User engaged in or connected with User's operations on or along the Subject Trackage. Pending qualification of train and engine crews of User, Owner shall furnish a pilot or pilots, at the expense of User, as deemed necessary by Owner, to assist in operating trains of User over the Subject Trackage. User shall pay to Owner, upon receipt of bills therefore, any cost incurred by Owner in connection with the qualification of such employees of User, as well as the cost of pilots furnished by Owner, until such time as such employees are deemed by the appropriate examining officer of Owner to be properly qualified for operation as herein contemplated.

9.7 Owner may request an investigation at its option if User's employee working on Owner's property is alleged to have violated Owner's rules, regulations, orders, practices or instructions, or if an incident occurs which requires an investigation under applicable agreement rules. User will schedule the investigation and notify Owner's Local Transportation Officer in the territory. User's scheduling of the investigation must comply with the time limits provided in the

applicable agreement on User's railroad. Owner will provide its regulations, supplements, and safety rules to User at no cost.

9.8 If Owner requests an investigation, Owner shall have the right to exclude from the Operating Trackage and Interchange Track(s) any employee of User, except officers, determined by Owner as the result of Owner's investigation or hearing described below, to be in violation of Owner's rules, regulations, orders, practices or instructions.

9.9 In a major offense including, but not limited to, violation of Rule G, dishonesty, insubordination, or a serious violation of operating rules or other offenses of comparable magnitude, wherein Owner desires to bar User's employee from service on Owner's territory pending an investigation by Owner, immediate verbal notification will be given to the appropriate Transportation Officer of User so that proper written notice can be issued to the employee.

9.10 If Owner requests an investigation, an Officer of User will conduct the investigation, but an officer of Owner may be present. After the investigation is concluded, a Transportation Officer of User will arrange to assess discipline, within the applicable time limits. If Owner recommends dismissal, User reserves the right to change the recommendation to the extent of barring the individual from operating over Owner's territory. User shall release, indemnify, defend and save harmless Owner and its officers, agents and employees from and against any and all claims and expenses resulting from such exclusion.

9.11 If the disciplinary action is appealed by the employee of User to the National Railroad Adjustment Board or other tribunal lawfully created to adjudicate such cases, and if the decision of such board or tribunal sustains the employee's position, such employee shall not be barred from service on the Operating Trackage or Interchange Track(s) by reason of such occurrence (unless an arbitration concerning such matter is held pursuant to this Agreement and this arbitration upholds Owner's continued exclusion of such employee).

9.12 It is understood that Owner shall reimburse User for all payments that User might be required to make as a result of a successful challenge being made by the employee or his representative as to the discipline recommended by Owner and assessed by User. User agrees to notify Owner before committing itself to making payment of any claim. In the event a claim is progressed to an Adjustment Board, Owner will be given an opportunity to review User's submission. Any payments made to employees, as a result of an investigation being "overturned", shall include not only actual wages, but in addition, shall include expenses which User may be required to pay covering vacation allowances, Railroad Retirement taxes, unemployment insurance taxes and any other payroll tax or fringe benefits.

9.13 The trains, locomotives, cars, and equipment of User, Owner, and any other present or future user of the Subject Trackage or any portion thereof shall be operated on a first come, first service basis without prejudice or partiality and in such manner as will afford the most economical and efficient manner of movement of all traffic. Owner does not guarantee or otherwise promise to provide any particular transit or running times over the Subject Trackage. Further, Owner does not guarantee or otherwise promise that operations over the Subject Trackage will not be interrupted. However, Owner shall make best efforts to ensure that any interruptions will be kept to a minimum.

9.14 If by reason of any mechanical failure, insufficient hours of service remaining among User's crew, or for any other cause not resulting from an accident or derailment, a train or locomotive of User becomes stalled or unable to proceed under its own power, or fails to maintain the speed required by Owner on the Subject Trackage, or if in emergencies crippled or otherwise defective cars are set out of User's trains on the Subject Trackage, Owner shall have

the option to furnish motive power or such other assistance (including but not limited to the right to recrew User's train) as may be necessary to haul, help, or push such trains, locomotives, or cars, or to properly move the disabled equipment off the Subject Trackage, and User shall reimburse Owner for the cost of rendering any such assistance.

9.15 If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Subject Trackage, such work shall be done by Owner and User shall reimburse Owner for the cost thereof.

9.16 In the event Owner and User agree that Owner should retain employees or provide additional employees for the sole benefit of User, the parties hereto shall enter into a separate agreement under which User shall bear all cost and expense for any such additional employees, including without limitation all cost and expense associated with labor protective payments which are made by Owner and which would not have been incurred had the additional employees not been provided.

SECTION 10 **LEFT BLANK INTENTIONALLY**

SECTION 11.0 **CLEARING OF WRECKS**

11.1 Whenever User's use of the Subject Trackage requires rerailing, wrecking service or wrecking train service due to the negligence of Owner, Owner shall perform such service, including the repair and restoration of roadbed, track, and structures. The cost, liability and expense thereof, including without limitation loss of, damage to, and destruction of any property whatsoever and injury to or death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom, shall be apportioned in accordance with the provisions of Section 13 hereof. All locomotives, cars, and equipment and salvage from the same so picked up and removed which are owned by or under the management and control of or used by Owner at the time of such wreck shall be promptly delivered to Owner.

SECTION 12.0 **LIABILITY**

12.1 The responsibility and liability between the parties, or any company or entity now controlled by either party, for: (i) any personal injury or death of any person (including employees of the parties and third parties), (ii) any real or personal property damage of any person (including property of the parties and third persons), (iii) any damage or destruction to the environment (including land, air, water, wildlife and vegetation) after the Effective Date, and (iv) all cleanup and remedial expenses, court costs, litigation expenses and attorney's fees resulting from the use of the Subject Trackage by the parties to this Agreement or by third party users after the Effective Date, all of which are collectively referred to as a "Loss", will be divided as follows:

- (a) If a Loss results from the use of the Subject Trackage solely by the trains and locomotives of one of the parties to this Agreement, then that using party shall be solely responsible for the Loss.
- (b) If a Loss results from the use of the Subject Trackage by the trains and locomotives of both CN and SBG, then: (i) each of CN and SBG is solely responsible for any Loss to its own employees, locomotives and equipment in its own account including lading and

- (ii) CN and SBG are responsible for any Loss to the Subject Trackage and Loss sustained by third parties.
- (c) If a Loss results from the use of the Subject Trackage by trains and locomotives of both SBG and any other third party user of the Subject trackage not a party to this Agreement, then SBG's responsibility for the Loss shall be apportioned in the manner specified in Subsection (b) with the other third party user being considered CN for the purpose of determining SBG's share of that portion of the Loss which it must assume.
- (d) Whenever any liability, cost, or expense is assumed by or apportioned to any party to this Agreement hereto under the foregoing provisions, that party shall forever protect, defend, indemnify, and save harmless the other party to this Agreement and its subsidiaries and affiliates, and all of its respective directors, officers, agents, and employees from and against that liability, cost, and expense to the extent of the liability apportioned to it.
- (e) In every case of death or injury suffered by an employee of any party to this Agreement, when compensation to such employee or employee's dependents is required to be paid under any workmen's compensation, occupational disease, employer's liability, or other law, and either of said parties under the provisions of this Agreement is required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such party shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.
- (f) If any suit or action shall be brought against any party for damages which under the provisions of the Agreement are in whole or in part the responsibility of the other party, said other party shall be notified in writing by the party sued, and the party so notified shall have the right and be obligated to take part in the defense of such suit and shall pay a proportionate part of the judgment and cost, expense and attorneys' fees incurred in such suit according to its liability assumed hereunder.
- (g) In the event of a Loss as set out herein, the parties to this Agreement shall be bound by the Freight Claim Rules, Principles, and Practices of the Association of American Railroads (AAR) as to the handling of any claims for the loss or damage to lading.
- (h) Notwithstanding the provisions of Section 18.5 of this Agreement, for the purposes of this Section 12 the word "equipment" shall mean and be confined to (i) trains, locomotives, cars and cabooses, (ii) vehicles and machinery which are capable of being operated on railroad tracks that, at the time of an occurrence, are being operated on the Subject Trackage, and (iii) vehicles and machinery that, at the time of an occurrence, are on the Subject Trackage or its right-of-way for the purpose of the maintenance or repair thereof or the clearing of wrecks thereon.
- (i) For the purpose of determining liability associated with construction, maintenance, repair and renewal of connections as provided in Section 7, all work performed by Owner shall be deemed performed for the sole benefit of User and, User shall be fully liable for all cost and expense of any and all loss, damage, destruction, injury and death resulting from, arising out of, incidental to or occurring in connection with said construction, maintenance, repair and renewal except when such cost and expense of loss, damage, destruction, injury or death is caused by the sole negligence of Owner. User shall protect, indemnify, and save harmless Owner and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and

employees from and against any and all expense and liability for which User is responsible.

SECTION 13.0 INVESTIGATION AND CLAIMS

13.1 Except as provided in Subsection 13.2 hereof, all claims, injuries, deaths, property damages, and losses arising out of or connected with this Agreement shall be investigated, adjusted, and defended by the party bearing the liability, cost, and expense therefor under the provisions of this Agreement.

13.2 Each party will investigate, adjust, and defend all freight loss and damage claims filed with it in accordance with 49 U.S.C. Section 11706 and 49 C.F.R. Section 1005 (or any revised or substitute regulations adopted to modify, supplement or supersede the regulations herein provided), or in accordance with any applicable transportation contract entered into pursuant to 49 U.S.C. Section 10709.

13.3 In the event a claim or suit is asserted against Owner or User which is the other's duty hereunder to investigate, adjust, or defend, then, unless otherwise agreed, such other party shall, upon request, take over the investigation, adjustment, and defense of such claim or suit.

13.4 All costs and expenses in connection with the investigation, adjustment, and defense of any claim or suit under this Agreement shall be included as costs and expenses in applying the liability provisions set forth in this Agreement, except that salaries or wages of full-time employees, including claim agents, attorneys, and other employees of either party engaged directly or indirectly in such work shall be borne by such party.

13.5 Excluding freight loss and damage claims filed in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005 or similar regulation, neither party shall settle or compromise any claim, demand, suit, or cause of action for which the other party has any liability under this Agreement without the concurrence of such other party if the consideration for such settlement or compromise exceeds thirty-five thousand dollars (\$35,000).

13.6 Each party agrees to indemnify and hold harmless the other party and its parent corporation, subsidiaries and affiliates, and all their respective directors, officers, agents and employees from and against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of its own employees, pursuant to a collective bargaining agreement. It is the intention of the parties that each party shall bear the full costs of protection of its own employees under employee protective conditions which may be imposed, and of grievances filed by its own employee arising under its collective bargaining agreements with its employees.

13.7 It is understood that nothing in this Section 13 shall modify or waive the conditions, obligations, assumptions or apportionments, or supersede the provisions of Section 12 hereof.

SECTION 14.0 DEFAULT AND TERMINATION

14.1 In the event of any substantial failure on the part of User to perform its obligations under this Agreement and its continuance in such default for a period of sixty (60) days after written notice thereof by certified mail from Owner, Owner shall have the right at its option, after first giving thirty (30) days' written notice thereof by certified mail; and notwithstanding any waiver by Owner of any prior breach thereof, to terminate the Trackage Rights and User's use of the Subject Trackage.

SECTION 15.0 DISPUTE RESOLUTION

15.1 If at any time a question or controversy shall arise between the parties hereto in connection with this Agreement upon which the parties cannot agree, either party shall have the right to require a meeting of designated representatives with authority to settle the matter within 30 days of written notice of a desire to meet; if it cannot be resolved within 30 days of the meeting of the parties, then the aggrieved party may demand arbitration. Unless other procedures are agreed to by the parties, arbitration between the parties pursuant to this Section 15 shall be governed by the rules and procedures set forth in this Section 15. For all purposes, this Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, regardless of its conflicts of law's principles.

15.2 If the parties to the dispute are able to agree upon a single competent and disinterested arbitrator within twenty (20) days after written notice by one party of its desire for arbitration to the other party, then the question or controversy shall be submitted to and settled by that single arbitrator. Otherwise, any party (the notifying party) may notify the other party (the noticed party) in writing of its request for arbitration and nominating one arbitrator. Within twenty (20) days after receipt of said notice, the noticed party shall appoint an arbitrator and notify the notifying party in writing of such appointment. Should the noticed party fail within twenty (20) days after receipt of such notice to name its arbitrator, said arbitrator may be appointed by the American Arbitration Association, which shall designate said appointment from the CPR Panel of Distinguished Neutrals, or other similar body of competent neutral arbitrators which may be agreed upon between the parties, upon application by either party after ten (10) days' written notice to the other party. The two arbitrators so chosen shall select one additional arbitrator to complete the board. If the arbitrators so chosen fail to agree upon an additional arbitrator, the same shall, upon application of a party, be appointed in the same manner hereto before stated.

15.3 Upon selection of the arbitrator(s), said arbitrator(s) shall, with reasonable diligence, determine the questions as disclosed in said notice of arbitration, shall give both parties reasonable notice of the time and place (of which the arbitrator(s) shall be the judge) of hearing evidence and argument, may take such evidence as the arbitrator(s) shall deem reasonable or as either party may submit with witnesses required to be sworn, and hear arguments of counsel or others. If an arbitrator declines or fails to act, the party (or parties in the case of a single arbitrator) by whom the arbitrator was chosen or the American Arbitration Association, as the case may be, shall appoint another to act in the arbitrator's place.

15.4 After considering all evidence, testimony and arguments, said single arbitrator or the majority of said board of arbitrators shall promptly state such decision or award and the reasoning for such decision or award in writing which shall be final, binding, and conclusive on all parties to the arbitration when delivered to them. The award rendered by the arbitrator(s) may be entered as a judgment in any court in the United States of America having jurisdiction thereof and enforced as between the parties without further evidentiary proceeding, the same as entered by the court at the conclusion of a judicial proceeding in which no appeal was taken. Until the arbitrator(s) shall issue the first decision or award upon any question submitted for arbitration, performance under this Agreement shall continue in the manner and form existing prior to the rise of such question. After delivery of said first decision or award, each party shall forthwith comply with said first decision or award immediately after receiving it.

15.5 Each party to the arbitration shall pay all compensation, costs, and expenses of the arbitrator appointed in its behalf and all fees and expenses of its own witnesses, exhibits, and

counsel. The compensation, cost, and expenses of the single arbitrator or the additional arbitrator in the board of arbitrators shall be paid in equal shares by all parties to the arbitration.

16.6 The parties may obtain discovery and offer evidence in accordance with the Federal Rules of Civil Procedure Rules 26 - 37, and Federal Rules of Evidence, as each may be amended from time to time.

SECTION 16.0 REGULATORY APPROVAL

16.1 Should implementation of this Agreement require the prior approval and authorization of the Surface Transportation Board ("STB"), User, at its own cost and expense, will initiate and thereafter diligently prosecute an action to obtain such approval and authorization or an exemption therefrom. Owner will assist and support efforts of User to obtain any such required approval and authorization or exemption.

16.2 Each party shall assume and hold the other party harmless from all employee claims predicated on loss of, or adverse impact on, compensation, benefits or working conditions arising from this Agreement or the activities of the parties hereunder, whether such claims are based on conditions imposed by the STB or predicated on the Railway Labor Act or labor agreements.

16.3 Should the STB at any time during the term of this Agreement impose any labor protective conditions upon the arrangement; User, solely, shall be responsible for any and all payments in satisfaction of such conditions.

SECTION 17.0 ABANDONMENT OF SUBJECT TRACKAGE

17.1 Notwithstanding the provisions of Section 21 of this Agreement, Owner may abandon the Subject Trackage during the term of this Agreement, or any renewals hereof, upon giving User not less than ninety (90) days' written notice of Owner's intent to abandon. In the event regulatory authority is required to effect such abandonment, User will not interfere with Owner's actions to seek and to exercise such authority. In the event regulatory authority is required for User to discontinue its own operations over the Subject Trackage, User will seek and diligently pursue such regulatory authority at the same time that Owner seeks regulatory authority to abandon the Subject Trackage, or as soon thereafter as User may do so in accordance with applicable statutes and regulations, unless User intends to acquire the Subject Trackage from Owner pursuant to 49 U.S.C. Section 10904 or other similar provision: User hereby expressly reserves the right pursuant to 49 U.S.C. Section 10904 or any similar provision which may be in effect to subsidize operations on or to acquire the Subject Trackage. Unless User or another party acquires the Subject Trackage for continued rail use or subsidizes Owner's operations thereon, User shall exercise its authority to discontinue its operations pursuant to this Agreement upon the date established by Owner for abandonment of the Subject Trackage by its aforesaid notice to User, or upon the earliest authorized date of exercise of the regulatory authority to discontinue operations, whichever is later. If regulatory authority for discontinuance of User's operations is not required, User shall discontinue its operations hereunder on the date that Owner is authorized to abandon the Subject Trackage. Upon discontinuance of User's operations, this Agreement shall terminate and be of no further force and effect, except that termination of this Agreement shall not relieve or release either party hereto from any obligations assumed or from any liability which may have arisen or been incurred prior to said termination. As used herein, Subject Trackage means the entire Subject Trackage or any portion or portions thereof.

SECTION 18.0 GENERAL PROVISIONS

18.1 This Agreement and each and every provision hereof are for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right in any third party to recover by way of damages or otherwise against either of the parties hereto.

18.2 All Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

18.3 This Agreement and the attachments annexed hereto and integrated herewith contain the entire agreement of the parties hereto and supersede any and all oral understandings between the parties.

18.4 No term or provision of this Agreement may be changed, waived, discharged, or terminated except by an instrument in writing signed by both parties to this Agreement.

18.5 As used in this Agreement, whenever reference is made to the trains, locomotives, cars, or equipment of, or in the account of, one of the parties hereto such expression means the trains, locomotives, cars, or equipment in the possession of or operated by one of the parties and includes such trains, locomotives, cars, or equipment which are owned by, leased to, or in the account of such party. Whenever such locomotives, cars or equipment are owned or leased by one party to this Agreement and are in the possession or account of the other party to this Agreement, such locomotives, cars, and equipment shall be considered those of the other party under this Agreement.

18.6 All words, terms, and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms, and phrases in the railroad industry.

18.7 This agreement is the result of mutual negotiations of the parties hereto, neither of whom shall be considered the drafter for purposes of contract construction.

18.8 Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement or as may be necessary or appropriate for a party hereto to enforce its rights under this Agreement, during the initial and any renewal term of this Agreement, all commercial information to which access is provided or obtained hereunder will be kept confidential and will not be disclosed by either CN or SBG to any party other than CN's and SBG's affiliates and the respective officers, employees, and attorneys of those affiliates, without the prior written approval of the other party.

SECTION 19.0 SUCCESSORS AND ASSIGNS

19.1 This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. No party hereto shall transfer or assign this Agreement, or any of its rights, interests, or obligations hereunder, by merger or otherwise, to any person, firm, or corporation without obtaining the prior written consent of the other party (ies) to this Agreement provided, however, such consent shall not be unreasonably withheld.

SECTION 20.0 NOTICE

20.1 Any notice required or permitted to be given by one party to the other under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the parties may mutually agree, and shall be addressed as follows:

If to Owner:

Region Director Contracts and Administration
Chicago, Central & Pacific Railroad Company
17841 South Ashland Avenue
Homewood, IL 60430

If to User:

20.2 Either party may provide changes in the above addresses to the other party by personal service or certified mail.

SECTION 21.0

COMMENCEMENT, TERM AND TERMINATION

21.1 This Agreement shall take effect immediately upon the later (i) the effective date of any required regulatory approvals, and shall be evidenced by an exchange of correspondence between the appropriate operating officers of the parties hereto. The date that User commences operations over the Subject Trackage shall be referred to herein as the "Commencement Date", and shall be evidenced by an exchange of correspondence between the appropriate officers of the parties hereto.

21.2 This Agreement shall run concurrent with the Track Lease Agreement between CN and Savage Management Transportation Company for the lease of tracks in CN's Whiting Yard that is being prepared simultaneously with this Agreement and shall automatically terminate upon termination of the Track lease Agreement.

21.3 Termination of this Agreement shall not relieve or release either party hereto from any obligations assumed or from any liability which may have arisen or been incurred by either party under the terms of this Agreement prior to the termination hereof.

21.4 Upon termination or non-renewal of this Agreement, or for any other reason, User shall within sixty (60) days initiate and thereafter diligently prosecute any action to obtain approval from the STB or other regulatory body having jurisdiction authorizing abandonment or discontinuance of the Trackage Rights herein granted. If User fails to file within (60) days, User hereby expressly authorizes Owner to file with the STB, or other regulatory body having jurisdiction, on behalf of User to abandon or discontinue the Trackage Rights granted hereunder, and User further agrees to reimburse Owner for all costs incurred.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in

duplicate as of the day and year first hereinabove written.

WITNESS

Marian A. Friend

ELGIN, JOLIET AND EASTERN RAILWAY
COMPANY

By: John E. Merrill

John E. Merrill
Manager Contracts

Date: 3/5/2012

WITNESS

Gary Platt

SAVAGE, BINGHAM & GARFIELD
RAILROAD COMPANY

By: Gary Platt

Print Name: Gary Platt

Its: Sr. V.P.

Date: 3/4/12

EXHIBIT 3

Caption Summary

61
62

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

**NOTICE OF EXEMPTION
FINANCE DOCKET NO. FD35611**

**SAVAGE, BINGHAM & GARFIELD RAILROAD COMPANY
---TRackage RIGHTS EXEMPTION---
ELGIN, JOLIET AND EASTERN RAILWAY COMPANY**

Elgin, Joliet and Eastern Railway Company, an indirect rail carrier subsidiary of Canadian National Railway Company and referred to herein as "CN," has agreed to grant limited, non-local trackage rights to Savage, Bingham & Garfield ("SBG") between Milepost J 47.4 (South end of CN's Whiting Yard) and Bridge Number 631 ("Bridge 631") at or near Milepost J 46.8 on CN's Calumet Spur on CN's Matteson Subdivision in Whiting, Indiana, a total of 0.6 miles. The transaction will allow SBG to move freight traffic in CN's Whiting Yard on CN's Matteson Subdivision in Whiting, Indiana. This transaction will be consummated on the effective date of this Notice of Exemption.

This Notice is filed under § 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction.

Dated:
By the Board,

Rachel D. Campbell, Director
Office of Proceedings

CERTIFICATE OF SERVICE

I, Jennifer Forde, hereby certify that on March 26, 2012, I served copies of Savage, Bingham & Garfield Railroad Company's Verified Notice of Exemption, dated March 26, 2012, by first-class, postage prepaid mail on:

Governor Gary R. Herbert
Utah State Capitol Complex
350 North State Street
Suite 200
PO Box 14220
Salt Lake City, UT 84114

Utah Public Service Commission
Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84114

Utah Department of Transportation
4501 South 2700 West
P.O. Box 141265
Salt Lake City, UT 84114-1265

Governor Mitch Daniels
Office of the Governor
Statehouse
Indianapolis, IN 46204

Indiana Utility Regulatory Commission
PNC Center
101 West Washington Street
Suite 1500 E
Indianapolis, IN 46204

Indiana Department of Transportation
100 N. Senate Avenue
Indianapolis, IN 46204

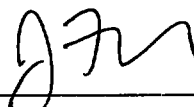
U.S. Department of Transportation
Secretary Ray LaHood
Docket Clerk, Office of Chief Counsel
Federal Railroad Administration
Room 5101
400 Seventh Street, SW
Washington, DC 20590

Office of the U.S. Attorney General
Eric H. Holder, Jr., Esq.
950 Pennsylvania Avenue, NW
Washington, DC 20530

Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

3/26/2012

Date

A handwritten signature in black ink, appearing to be 'JFM', written over a horizontal line.

Signature